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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

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**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **HELVEA INC.**

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| <u>132007</u>     |
| FIRM I.D. NO.     |

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1800 McGill College Avenue, Suite 2901

(No. and Street)

Montreal

Quebec

H3A 3J6

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Felix Weibel

(514) 288-3556

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PricewaterhouseCoopers, LLP

(Name - if individual, state last, first, middle name)

1250 René-Lévesque Blvd. West, Suite 2800

Montreal

Quebec

H3B 2G4

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

**MAR 20 2008**

**THOMSON  
FINANCIAL**

**SEC  
Mail Processing  
Section**

**MAR 04 2008  
Washington, DC  
101**

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)


SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, Felix Weibel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HELVEA INC., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Not applicable.



Signature

President, Secretary, ER, CCO

Title



Notary Public

Déodat LÉ, Lawyer  
Quebec Bar No.: 194117-8

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- ☒ (o) Audit attestation to the firm's exemption from SEC Rule 15c3-3, paragraph (k)(2)(i).

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# **Helvea Inc.**

Financial Statements  
**December 31, 2007**  
(expressed in U.S. dollars)

February 28, 2008

## **Auditors' Report**

**To the Shareholder of  
Helvea Inc.**

We have audited the balance sheet of **Helvea Inc.** as at December 31, 2007 and the statements of earnings, changes in shareholder's equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

We have also audited the schedule of computation of net capital as at December 31, 2007, which is presented for the purpose of meeting the requirements of Rule 17a-5 of the Securities Exchange Act of 1934 and is not a required part of the basic financial statements. In our opinion, this schedule presents fairly the information contained therein, in all material respects, in relation to the financial statements taken as a whole.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**

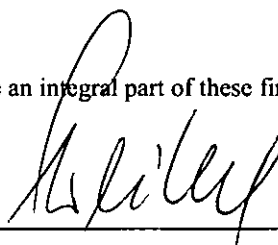
**Helvea Inc.****Balance Sheet****As at December 31, 2007**

(expressed in U.S. dollars)

|   | 2007<br>\$       | 2006<br>\$       |
|---|------------------|------------------|
| <b>Assets</b>                                     |                  |                  |
| <b>Current assets</b>                             |                  |                  |
| Cash and cash equivalents                         | 8,330,339        | 5,366,328        |
| Accounts receivable                               | 29,728           | 64,313           |
| Prepaid expenses                                  | 51,042           | 182,779          |
|   | <u>8,411,109</u> | <u>5,613,420</u> |
| <b>Property and equipment (note 3)</b>            | <u>859,725</u>   | <u>84,782</u>    |
|   | <u>9,270,834</u> | <u>5,698,202</u> |
| <b>Liabilities</b>                                |                  |                  |
| <b>Current liabilities</b>                        |                  |                  |
| Accounts payable and accrued liabilities (note 4) | 1,728,336        | 1,073,348        |
| Income taxes payable                              | 106,973          | 29,216           |
| Due to a related company                          | -                | 8,781            |
|   | <u>1,835,309</u> | <u>1,111,345</u> |
| <b>Loan payable to Helvea S.A. (note 5)</b>       | <u>1,760,600</u> | <u>1,639,400</u> |
|   | <u>3,595,909</u> | <u>2,750,745</u> |
| <b>Shareholder's Equity</b>                       |                  |                  |
| <b>Capital stock (note 6)</b>                     | 2,614,950        | 2,614,950        |
| <b>Retained earnings</b>                          | 2,623,109        | 238,028          |
| <b>Cumulative translation adjustment</b>          | 436,866          | 94,479           |
|   | <u>5,674,925</u> | <u>2,947,457</u> |
|   | <u>9,270,834</u> | <u>5,698,202</u> |

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

  
\_\_\_\_\_  
Director  
\_\_\_\_\_  
Director

**Helvea Inc.****Statement of Changes in Shareholders' Equity  
For the year ended December 31, 2007**

(expressed in U.S. dollars)

|                                     | <b>Common stock</b>                                |                      | <b>Retained<br/>earnings<br/>\$</b> | <b>Cumulative<br/>translation<br/>adjustment<br/>\$</b> | <b>Total<br/>\$</b> |
|-------------------------------------|--|----------------------|-------------------------------------|---|---------------------|
|                                     | <b>Number of<br/>Class A<br/>common<br/>shares</b> | <b>Amount<br/>\$</b> |                                     |   |                     |
| <b>Balance at December 31, 2005</b> | 330,000  | 2,614,950            | 152,314                             | (112,436)   | 2,654,828           |
| Net earnings                        | -  | -                    | 85,714                              | -   | 85,714              |
| Cumulative translation adjustment   | -  | -                    | -                                   | 206,915   | 206,915             |
| <b>Balance at December 31, 2006</b> | 330,000  | 2,614,950            | 238,028                             | 94,479  | 2,947,457           |
| Net earnings                        | -  | -                    | 2,385,081                           | -   | 2,385,081           |
| Cumulative translation adjustment   | -  | -                    | -                                   | 342,387   | 342,387             |
| <b>Balance at December 31, 2007</b> | 330,000  | 2,614,950            | 2,623,109                           | 436,866   | 5,674,925           |

The accompanying notes are an integral part of these financial statements.

**Helvea Inc.****Statement of Earnings****For the year ended December 31, 2007**

(expressed in U.S. dollars)

|  | <b>2007</b>       | <b>2006</b>      |
|--|-------------------|------------------|
|  | <b>\$</b>         | <b>\$</b>        |
| <b>Revenue (note 7)</b>                          |                   |                  |
| Commissions earned                               | 13,611,556        | 8,150,445        |
| Research services                                | 4,172             | 71,534           |
| Referral fees                                    | 281,280           | 42,694           |
| Interest   | 109,688           | 30,331           |
| Miscellaneous income                             | 35,498            | -                |
|  | <u>14,042,194</u> | <u>8,295,004</u> |
| <b>Expenses (note 7)</b>                         |                   |                  |
| Salaries and related expenses                    | 2,970,138         | 1,731,754        |
| Commissions                                      | 6,035,094         | 5,297,789        |
| Professional fees                                | 216,010           | 139,406          |
| Travel, meals and entertainment                  | 609,988           | 467,354          |
| Information services                             | 231,760           | 181,225          |
| EDP maintenance and development                  | 7,312             | 4,611            |
| Telecommunications                               | 68,138            | 38,248           |
| Rent and related expenses                        | 298,905           | 70,105           |
| Business and other taxes                         | 72,321            | 22,867           |
| General office expenses                          | 61,755            | 41,764           |
| Amortization                                     | 213,442           | 38,799           |
| Business development and promotional activities  | 17,754            | 26,435           |
| Memberships and registration fees                | 41,309            | 17,831           |
| Foreign exchange loss                            | 15,792            | 45,857           |
| Loss on trade errors                             | -                 | 10,110           |
| Interest on loan payable to Helvea S.A. (note 5) | 70,754            | 8,552            |
| Miscellaneous expenses                           | 16,638            | 5,749            |
|  | <u>10,947,110</u> | <u>8,148,456</u> |
| <b>Earnings before income taxes</b>              | <u>3,095,084</u>  | <u>146,548</u>   |
| <b>Provision for income taxes</b>                | <u>710,003</u>    | <u>60,834</u>    |
| <b>Net earnings</b>                              | <u>2,385,081</u>  | <u>85,714</u>    |

The accompanying notes are an integral part of these financial statements.

# Helvea Inc.

## Statement of Cash Flows

For the year ended December 31, 2007

(expressed in U.S. dollars)

|  | 2007<br>\$       | 2006<br>\$       |
|--|------------------|------------------|
| <b>Cash flows from</b>   |                  |                  |
| <b>Operating activities</b>                                      |                  |                  |
| Net earnings   | 2,385,081        | 85,714           |
| Item not affecting cash  |                  |                  |
| Amortization   | 213,442          | 38,799           |
| Changes in non-cash operating working capital items              |                  |                  |
| Decrease (increase) in accounts receivable                       | 37,244           | (41,899)         |
| Decrease (increase) in prepaid expenses                          | 137,782          | (152,632)        |
| Decrease in income taxes recoverable                             | -                | 44,914           |
| Increase in accounts payable and accrued liabilities             | 522,861          | 721,351          |
| Increase in income taxes payable                                 | 76,416           | 29,216           |
| Increase (decrease) in due to a related company                  | (8,916)          | 8,781            |
|  | <u>3,363,910</u> | <u>734,244</u>   |
| <b>Investing activities</b>                                      |                  |                  |
| Purchase of property and equipment                               | (940,291)        | (21,124)         |
| <b>Financing activities</b>                                      |                  |                  |
| Increase in loan payable to Helvea S.A.                          | -                | 1,639,400        |
| <b>Net increase in cash and cash equivalents during the year</b> | <u>2,423,619</u> | <u>2,352,520</u> |
| <b>Translation adjustment on cash and cash equivalents</b>       | 540,392          | 206,915          |
| <b>Cash and cash equivalents – Beginning of year</b>             | <u>5,366,328</u> | <u>2,806,893</u> |
| <b>Cash and cash equivalents – End of year</b>                   | <u>8,330,339</u> | <u>5,366,328</u> |
| Cash and cash equivalents consist of:                            |                  |                  |
| Cash   | 1,111,879        | 554,689          |
| Short-term deposits (note 9)                                     | 7,218,460        | 4,811,639        |
|  | <u>8,330,339</u> | <u>5,366,328</u> |
| <b>Supplementary information</b>                                 |                  |                  |
| Income taxes paid (recovered)                                    | 758,738          | (13,296)         |
| Interest received  | 108,135          | 24,942           |

The accompanying notes are an integral part of these financial statements.



# Helvea Inc.

## Notes to Financial Statements December 31, 2007

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(expressed in U.S. dollars)

### 1 Incorporation and nature of business

The company was incorporated under the Canada Business Corporations Act on January 7, 2004 and was registered with National Association of Securities Dealers, Inc. ("NASD") and the U.S. Securities and Exchange Commission ("SEC") on November 30, 2004. Up to December 22, 2006, it was a member of an international group of companies whose principal entity was Pictet et Cie ("Pictet").

### 2 Significant accounting policies

#### Basis of presentation

The company records its brokerage operations and commission revenue on securities transactions on a settlement date basis.

#### Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid short-term deposits. The company considers short-term deposits with original terms to maturity of three months or less to be cash equivalents.

#### Property and equipment

Property and equipment are recorded at cost and are amortized on a straight-line basis at the following annual rates:

|                         |     |
|-------------------------|-----|
| Furniture and equipment | 20% |
| Computer equipment      | 33% |
| Leasehold improvements  | 20% |

Artworks included in furniture and equipment are considered as assets with an undefined useful life and therefore are not amortized.

#### Income taxes

The company provides for income taxes using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between the financial statement values of assets and liabilities, using enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse.

The company is eligible for various tax credits with respect to qualifying International Financial Center of Montréal activities. These credits are accounted for as a reduction of the related costs to which they pertain.

## Helvea Inc.

### Notes to Financial Statements December 31, 2007

(expressed in U.S. dollars)

#### Foreign currency translation

The company's functional currency is the Swiss franc. The reporting currency is the U.S. dollar. The company uses the current rate method to translate its financial statements into U.S. dollars, whereby gains and losses resulting on conversion into U.S. dollars are presented as a separate component of shareholder's equity.

#### Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### 3 Property and equipment

|                         | 2007       |                                   | 2006      |           |
|-------------------------|------------|-----------------------------------|-----------|-----------|
|                         | Cost<br>\$ | Accumulated<br>amortization<br>\$ | Net<br>\$ | Net<br>\$ |
| Furniture and equipment | 225,556    | 44,051                            | 181,505   | 9,207     |
| Computer equipment      | 268,261    | 135,013                           | 133,248   | 30,707    |
| Leasehold improvements  | 667,432    | 122,460                           | 544,972   | 44,868    |
|                         | 1,161,249  | 301,524                           | 859,725   | 84,782    |

### 4 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise the following:

|                      | 2007<br>\$ | 2006<br>\$ |
|----------------------|------------|------------|
| Accrued compensation | 1,498,098  | 959,476    |
| Other                | 230,238    | 113,872    |
|                      | 1,728,336  | 1,073,348  |

# Helvea Inc.

## Notes to Financial Statements

December 31, 2007

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(expressed in U.S. dollars)

### 5 Loan payable to Helvea S.A.

The loan payable to Helvea S.A. in the amount of CHF2,000,000 bears interest at 4.25% per annum and is repayable on November 30, 2016. The loan is subordinated by virtue of a subordination agreement entered into between the company and the Financial Industry Regulatory Authority ("FINRA"), formerly NASD, on November 15, 2006 which requires the agreement of FINRA prior to its repayment.

### 6 Capital stock

Authorized – unlimited as to number

Class A preferred shares, voting, non-participating, without par value, ranking in priority to Class B, C and D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the company at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class B preferred shares, non-voting, non-participating, without par value, ranking in priority to Class C and D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the company at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class C preferred shares, voting, non-participating, without par value, ranking in priority to Class D preferred shares and Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the company or the holder at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class D preferred shares, non-voting, non-participating, without par value, ranking in priority to Class A and B common shares, with entitlement to a non-cumulative monthly dividend of 1%, redeemable at the option of the company or the holder at their paid-in amount or the fair value of the consideration received, plus declared and unpaid dividends

Class A common shares, voting

Class B common shares, non-voting

Issued

|                               | 2007<br>\$ | 2006<br>\$ |
|-------------------------------|------------|------------|
| 330,000 Class A common shares | 2,614,950  | 2,614,950  |

## Helvea Inc.

### Notes to Financial Statements

December 31, 2007

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(expressed in U.S. dollars)

#### 7 Related party transactions and balances

The statement of earnings includes the following related party transactions:

|                                 | 2007      | 2006      |
|---------------------------------|-----------|-----------|
|                                 | \$        | \$        |
| <b>Revenue</b>                  |           |           |
| Referral fees                   | -         | 71,534    |
| <b>Expenses</b>                 |           |           |
| Commissions                     | 5,990,066 | 5,297,789 |
| Professional fees               | -         | 112,608   |
| Information services            | -         | 38,494    |
| EDP maintenance and development | -         | 4,010     |
| Telecommunications              | -         | 16,787    |
| Rent and related expenses       | -         | 39,163    |
| Business and other taxes        | -         | 9,554     |
| General office expenses         | -         | 3,533     |

Commissions earned are collected by Helvea S.A. and remitted to the company.

All balances with related companies are disclosed separately in these financial statements. Unless otherwise disclosed, all related party transactions occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and the company.

#### 8 Commitments

Minimum annual lease payments under operating leases are as follows:

|      | \$      |
|------|---------|
| 2008 | 268,958 |
| 2009 | 325,279 |
| 2010 | 325,279 |
| 2011 | 328,979 |
| 2012 | 369,673 |

# Helvea Inc.

## Notes to Financial Statements

December 31, 2007

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(expressed in U.S. dollars)

### 9 Financial instruments

#### Fair value of financial instruments

The company has estimated the fair market values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying values of its financial instruments approximate their fair market values, unless otherwise indicated.

#### Position risk

Position risk corresponds to the risk that the fluctuations in foreign exchange rates and interest rates could result in losses. Unless otherwise disclosed in the financial statements, the company may enter into financial instruments consisting primarily of short-term deposits and related party balances that may be denominated in foreign currencies and bear interest at short-term market rates.

As at December 31, 2007, the short-term deposits consist of a call deposit in the amount of CHF8,200,000 – US\$7,218,460 (2006 – CHF5,870,000 – US\$4,811,639).

#### Credit risk

Credit risk is the risk of financial loss as a result of default by a counterparty with respect to its obligations towards the company. The company's financial instruments are primarily with major financial institutions. Consequently, management considers the risk of counterparties defaulting on their obligation to be remote.

#### Interest rate risk

The company's exposure to interest rate risk as at December 31, 2007 is as follows:

|  |                            |
|--|----------------------------|
| Cash                                     | Non-interest bearing       |
| Short-term deposits                      | Fixed interest rate (1.9%) |
| Accounts receivable                      | Non-interest bearing       |
| Prepaid expenses                         | Non-interest bearing       |
| Accounts payable and accrued liabilities | Non-interest bearing       |
| Income taxes payable                     | Non-interest bearing       |

## **Helvea Inc.**

### **Notes to Financial Statements**

**December 31, 2007**

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(expressed in U.S. dollars)

#### **10 Capital requirements**

The company is a member of FINRA and therefore is subject to the capital requirements (Rule 15c 3-1) of the Securities and Exchange Act of 1934. This Rule provides, among other things, that a member firm's "aggregate indebtedness" may not exceed 1,500% (800% for the initial 12 months) of its "net capital", as those terms are defined by the Act.

As at December 31, 2007, the company's aggregate indebtedness and net capital were \$1,835,309 and \$6,025,051 respectively (2006 – \$1,111,345 and \$3,947,618 respectively), giving a ratio of 30.46% (2006 – 28.15%).

The company does not hold client funds or securities nor owe money or securities to customers. However, if inadvertently received, the company promptly forwards all funds and securities received. Accordingly, the company is exempt from Rule 15c 3-3 of the Act, under paragraph (k)(2)(i) of that Rule.

**Helvea Inc.****Schedule of Computation of Net Capital  
As at December 31, 2007**

(expressed in U.S. dollars)

|   | 2007<br>\$       | 2006<br>\$       |
|---|------------------|------------------|
| <b>Net Capital</b>                                    |                  |                  |
| Capital stock – Common shares                         | 2,614,950        | 2,614,950        |
| Retained earnings                                     | 2,623,109        | 238,028          |
| Cumulative translation adjustment                     | 436,866          | 94,479           |
| Loan payable to Helvea S.A.                           | 1,760,600        | 1,639,400        |
|   | <u>7,435,525</u> | <u>4,586,857</u> |
| Accounts receivable                                   | 19,442           | 58,538           |
| Prepaid expenses                                      | 51,042           | 182,779          |
| Property and equipment                                | 859,725          | 84,782           |
| Haircut on foreign currency                           | 480,265          | 313,140          |
|   | <u>1,410,474</u> | <u>639,239</u>   |
|   | <u>6,025,051</u> | <u>3,947,618</u> |
| <b>Aggregate indebtedness</b>                         |                  |                  |
| Accounts payable and accrued liabilities              | 1,728,336        | 1,073,348        |
| Income taxes payable                                  | 106,973          | 29,216           |
| Due to a related company                              | -                | 8,781            |
|   | <u>1,835,309</u> | <u>1,111,345</u> |
| <b>Ratio of aggregate indebtedness to net capital</b> | <u>30.46%</u>    | <u>28.15%</u>    |

**END**